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# Federal Appropriations Analysis FY1980

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City of Boston  
Kevin H. White, Mayor  
Office of Federal Relations  
December 1979





# Boston

## FEDERAL APPROPRIATIONS FOR FY 1980

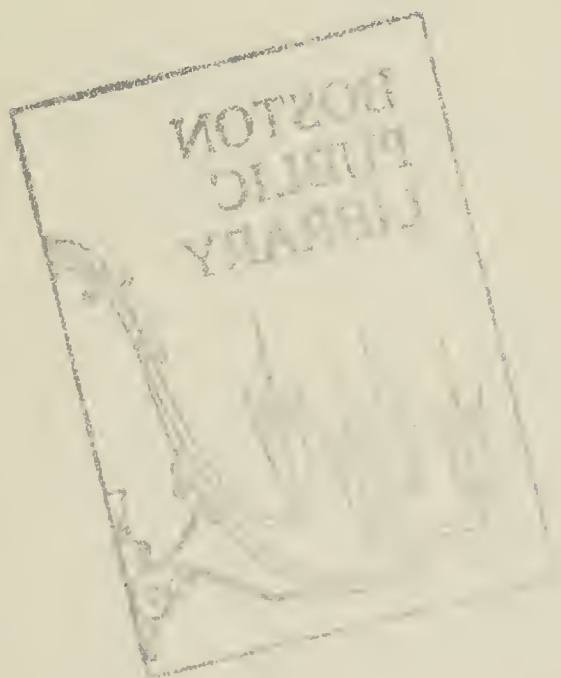
### AN ANALYSIS

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## DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:

There are no surprises in the Fiscal Year 1980 Appropriations for the Department of Housing and Urban Development (HUD). The leanness of the budget clearly reflects the present mood of fiscal constraint at the Federal level. Annual contributions for existing housing were set at the level request by HUD, as were payments for the operation of low-income housing projects.

The Troubled Projects program was increased slightly, but remained below the budget request by \$2.5 million. Appropriations for Community Development Grants were identical to the administration's budget request.

The Urban Development Action Grant program was increased by more than one-third, from \$400 million to \$675 million; however, new provisions would allow up to 20 percent of the funds to be used for "pockets of poverty" in cities currently ineligible for the program.

The Section 312 rehabilitation loan program was reduced by almost \$100 million in accordance with the administration's request. Comprehensive planning grants to States under the Section 701 program were set at \$10.5 million below the FY 1979 level.

The Neighborhood Self-Help Development program was increased from \$5 million to \$10 million. The Liveable Cities program, on the other hand, was eliminated entirely at the insistence of the House.

The appropriation for Research and Technology falls almost \$8 million below last year's appropriation, reflecting congressional skepticism over the value of certain research activities undertaken by HUD in Fiscal Year 1979.

## HOUSING PROGRAMS:

### Annual Contributions for Assisted Housing:

Congress adopted a limitation on annual contribution contracts for assisted housing of \$1,140,661,000 and a budget authority limit of \$26,680,128,000 for Fiscal Year 1980. Those figures are just barely below the FY 1979 contract and budget authority figures of \$1,322,297,000 and \$24,395,848,000 respectively.

The program enables public housing authorities, such as the BHA, to develop, own and operate low-income public housing projects financed through the sale of tax-exempt obligations with a HUD commitment to pay the debt service on those obligations through annual contribution contracts. This approach is designed to assure low rents and adequate services.





The appropriation also encompasses the Section 8 rent subsidy program under which HUD pays the difference between what an eligible lower-income household can afford and fair market rent. The program is available for use in existing, newly constructed, or substantially rehabilitated units.

Locally prepared Housing Assistance Plans (HAPs) have formed the basis for determining the mix (existing, new, rehabilitated) of units contracted for under the program. That mix plays a major role in determining the total program cost since new and substantially rehabilitated units normally require rent subsidies of about twice the cost of existing units. The House attempted to force budget restraint on local governments by requiring that no more than 60 percent of Section 8 units could be in the new-construction or substantially-rehabilitated categories. Such a requirement undercuts the value of local planning as embodied in HAPs. The Senate Appropriations Committee failed to go along with the House in mandating a 60/40 split; but did direct HUD to provide local governments with "information about budget realities for their guidance in preparing these HAPs." The Senate language prevailed in Conference.

The Fiscal Year 1980 appropriation is expected to produce between 225,000 and 260,000 units of additional assisted housing this year.

Modernization money for public housing had been set at \$37,000,000 by the House in accordance with the administration's request, representing a decrease from the \$50,000,000 figure available last year. The Senate recommended restoration of the full \$50,000,000 level and prevailed in Conference.

#### RENT SUPPLEMENT PROGRAM:

The Administration requested a rescission of an estimated \$5,000,000 in contract authority and \$200,000,000 in budget authority anticipated to become available in FY 1980 through recaptures from the rent supplement program. Under the program HUD makes payments directly to project owners to cover the difference between the 25 percent of income which eligible low-income tenants must contribute and the actual rental cost. HUD argued that the Troubled Projects operating subsidy program negated the necessity for additional funds under the rent supplement program.

The House Appropriations Committee denied the rescission request expressing concern that too much pressure would be placed on the temporary nature of the Troubled Projects program; thus forcing it to become a permanent operating subsidy program with high cost growth potential.

The Senate, on the other hand, recommended the rescission arguing that HUD would have flexibility under the Troubled Projects program to make yearly adjustments in levels of support provided to encourage sound management practices. Use of the Rent Supplement Program, it was argued, binds HUD to make rent supplement payments for up to 40 years. The Senate argument prevailed in Conference.



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#### HOUSING PAYMENTS FOR LIQUIDATION OF CONTRACT AUTHORITY:

Congress appropriated the full FY 1980 budget amount of \$5,529 million sought by HUD to meet contractual payments falling due in this fiscal year. That amount covers 3,237,000 subsidized housing units under the Section 8, Section 235, Section 236, rent supplement, public housing, and college housing programs. That represents an increase of 230,000 units over the FY 1979 level.

#### HOUSING FOR ELDERLY OR HANDICAPPED:

Section 202 of the Housing and Urban Development Act of 1965, as amended, provides long-term loans to eligible private non-profit organizations to finance the construction and management of housing facilities for the elderly or handicapped.

Congress set the limitation on loans at \$830,000,000 for the Section 202 program. That figure is \$30 million above both the FY 1979 limitation, and the FY 1980 budget request. The FY 1980 level is expected to provide about 19,700 units of Section 202 housing this year. Of that amount at least 1,300 units would be reserved for handicapped persons. HUD plans to spend at least \$50,000,000 to provide housing to nonelderly handicapped persons.

#### PAYMENTS FOR OPERATIONS OF LOW-INCOME HOUSING PROJECTS:

The House and Senate each agreed to the fully requested amount of \$741,500,000 for payments to public housing agencies (PHAs) to help them maintain and operate projects in accordance with certain minimum standards. Subsidy payments to PHAs are based on a Performance Funding System formula which sets payments at what it would cost a well-managed PHA to operate its units. These payments are in addition to annual contributions for debt service. The FY 1980 figure is \$14,000,000 above the FY 1979 level. However another \$43,000,000 of budget authority placed in PHA reserves during 1978 will also be available during this fiscal year; bringing the total to \$784,500,000.

#### TROUBLED PROJECTS OPERATING SUBSIDY:

House and Senate Conferees agreed to a figure of \$79,500,000 for the FY 1980 Troubled Projects program; an increase of \$5,500,000 over the 1979 level, but less than the budget request by \$2.5 million.

The program provides additional subsidies to certain financially distressed subsidized housing projects which are HUD insured or which have HUD-held mortgages under the Section 236 and Section 221(d)(3) below market rate interest programs and market-rate rent supplement programs. The payments are intended to prevent losses to the FHA Fund due to project insolvency and to preserve housing opportunities for low and moderate income persons that those projects represent.



COMMUNITY PLANNING AND DEVELOPMENT:

COMMUNITY DEVELOPMENT BLOCK GRANTS:

Congress approved the fully requested \$3.9 billion amount for the Community Development Block Grant (CDBG) program. That represents an increase of \$150 million over last year's level.

The CDBG program provides funds for locally devised community development programs provided those programs meet certain standards in developing housing and economic opportunities for low and moderate income persons. Recipient categories for the program are broken down as follows:

| Category                                      | Distribution of Funds  |
|---|------------------------|
| Metropolitan areas:                           |                        |
| Entitlement/hold harmless                     | \$2,753,838,000        |
| Discretionary balances                        | 250,962,000            |
| Subtotal, Metropolitan Areas.....             | <u>\$3,004,800,000</u> |
| Nonmetropolitan areas:                        |                        |
| Hold-harmless communities                     | .....                  |
| Discretionary balances                        | \$ 688,700,000         |
| Subtotal, Nonmetro Areas.....                 | <u>\$ 688,700,000</u>  |
| Secretary's Discretionary Fund                | \$ 106,500,000         |
| Categorical Program Financial Settlement Fund | 100,000,000            |
|   | <u>\$3,900,000,000</u> |

Although the House had added language requiring that \$20,000,000 in discretionary funds be used to supplement funding for small metropolitan cities the Senate did not concur. Conference language does direct that no less than \$5,000,000 of the Secretary's Discretionary fund shall be used for other eligible activities, while authorizing legislation directs \$10 million for small metro cities.

URBAN DEVELOPMENT ACTION GRANTS:

The authorized level for the Urban Development Action Grant program (UDAG) was increased by \$275 million this year. Congress appropriated the fully authorized amount of \$675 million, but also established a new eligibility category. For the first time fiscally sound cities which contain pockets of poverty will be allowed to compete for UDAG grants provided the funds are utilized within the distressed area. The city would provide a 20 percent matching share, and would have to demonstrate that it was providing services to the area on a par with other areas of the city. Up to 20 percent of the UDAG funds could be applied to pockets of poverty. This is in addition to the existing requirement that at least 25 percent of UDAG total be applied to cities with populations under 50 thousand.





#### COMPREHENSIVE PLANNING GRANTS:

Congress appropriated only \$42,500,000 for Section 701 Planning Grants to State and local governments during FY 1980. This represents a \$9,500,000 reduction from the FY 1979 level, but a \$2.5 million increase over the administration's budget request. The House Appropriations Committee had sought to reduce the amount even further to \$35 million.

#### REHABILITATION LOAN FUND:

Budget Authority for the Section 312 Rehabilitation Loan Fund falls \$95,000,000 below the FY 1979 appropriation level. The Administration had requested a reduction from the \$230,000,000 FY 1979 level to \$130,000,000 this fiscal year. The House recommended a figure \$10 million above that, and compromised with the Senate at \$135,000,000. Loan payments and carryover funds, however, are expected to provide an additional \$55,000,000 bringing the total for FY 1980 to \$190,000,000.

The Section 312 program authorizes direct Federal loans to finance the rehabilitation of residential, mixed use, and nonresidential properties in federally aided community development grant, urban homesteading, urban renewal and code enforcement areas certified by local governments.

The Senate Appropriations Committee noted that some 25 percent of the funds for the current section 312 program have gone to persons with incomes in excess of \$16,500, and specifically directed that every effort be made to see that over 75 percent of the funds went to low- and moderate-income families.

#### NEIGHBORHOOD SELF-HELP DEVELOPMENT PROGRAM:

Congress appropriated \$10,000,000 for the newly established Neighborhood Self-Help Development program; an increase of \$5 million over last year's level, but still \$5 million below the administration's request.

The funding is designed to enable HUD to issue up to 40 grants to neighborhood organizations to prepare and initiate neighborhood revitalization projects and to provide training and technical assistance to qualified neighborhood groups.

The Senate Appropriations Committee expressed its wish that a substantial portion of the money be allocated to neighborhood groups in nonurban areas; specifically stipulating localities with populations under 10,000.





#### LIVABLE CITIES PROGRAM:

The Administration had requested \$5,000,000 for the Livable Cities Program which President Carter requested as a part of his Urban Policy recommendations. The purpose of the program was to allow the Secretary to contract with nonprofit organizations for support activities contributing substantial artistic, cultural, historical or design merit to neighborhood revitalization. The House Appropriations was adamant that such goals could be achieved through existing funds, and refused to recommend funding for the program.

The Senate recommended a reduced program funded at \$3,000,000, but was unable to move the House. As a result no appropriation was made for the Livable Cities Program.

#### POLICY DEVELOPMENT AND RESEARCH:

Congress appropriated \$49,650,000 for HUD research and technology programs for FY 1980. That amount is virtually the same as \$57,500,000 appropriated last year since that figure also included appropriations for the Urban Reinvestment Task Force which is funded as a separate entity in FY 1980.

The Senate Appropriations Committee notes that the FY'80 research program at HUD will concentrate on: the development of techniques to stabilize housing mechanisms; housing and related needs for the elderly and handicapped; improving compliance with fair housing statutes, executive orders and regulations; neighborhood revitalization studies; ways of attracting minorities and women to urban public service; improving fiscal management of State and local governments; and the dissemination and transfer of research results to users.

#### FAIR HOUSING AND EQUAL OPPORTUNITY:

Congress appropriated \$3,700,000 for fair housing assistance, the full amount requested by the administration. The major purpose of the funds is to insure prompt and appropriate processing of Title VIII complaints by State and local fair housing agencies.

Of the total amount \$700,000 will be used for training and technical assistance for the staff of agencies charged with investigating and resolving fair housing complaints. \$1,250,000 will be used by HUD to develop data and management systems for monitoring complaint processing and innovative projects by State and local agencies.



HUD  
BUDGET HIGHLIGHTS

Annual Contributions For Assisted Housing:

|                           | Contract Authority | Budget Authority |
|---------------------------|--------------------|------------------|
| 1979 Limitation.....      | \$1,322,297,000    | \$24,395,848,000 |
| 1980 Budget Estimate..... | \$1,140,661,275    | \$26,680,127,750 |
| 1980 Appropriation.....   | \$1,140,661,000    | \$26,680,128,000 |

Housing Payments (Liquidation of Contract Authority):

|                            |                  |
|----------------------------|------------------|
| 1979 Appropriation .....   | \$ 4,460,000,000 |
| 1980 Budget Estimate ..... | \$ 5,529,000,000 |
| 1980 Appropriation .....   | \$ 5,529,000,000 |

Housing For the Elderly or Handicapped:  
(Limitation on Loans)

|                           |                |
|---------------------------|----------------|
| 1979 Limitation.....      | \$ 800,000,000 |
| 1980 Budget Estimate..... | \$ 800,000,000 |
| 1980 Appropriation .....  | \$ 830,000,000 |

Congregate Services Program:

|                            |               |
|----------------------------|---------------|
| 1979 Appropriation.....    | \$ 10,000,000 |
| 1980 Budget Estimate ..... | .....         |
| 1980 Appropriation .....   | \$ 10,000,000 |

Payments For Operation of Low-Income Housing Projects:

|                            |                |
|----------------------------|----------------|
| 1979 Appropriation .....   | \$ 727,000,000 |
| 1980 Budget Estimate ..... | \$ 741,500,000 |
| 1980 Appropriation .....   | \$ 741,500,000 |

Troubled Projects Operating Subsidy:

|                           |               |
|---------------------------|---------------|
| 1979 Appropriation .....  | \$ 74,000,000 |
| 1980 Budget Estimate..... | \$ 82,000,000 |
| 1980 Appropriation .....  | \$ 79,500,000 |

Community Development Grants:

|                            |                  |
|----------------------------|------------------|
| 1979 Appropriation .....   | \$ 3,750,000,000 |
| 1980 Budget Estimate ..... | \$ 3,900,000,000 |
| 1980 Appropriation .....   | \$ 3,900,000,000 |

Urban Development Action Grants:

|                           |                |
|---------------------------|----------------|
| 1979 Appropriation.....   | \$ 400,000,000 |
| 1980 Budget Estimate..... | \$ 675,000,000 |
| 1980 Appropriation .....  | \$ 675,000,000 |



BUDGET HIGHLIGHTS - HUD (Continued):

Comprehensive Planning Grants:

|                           |               |
|---------------------------|---------------|
| 1979 Appropriation .....  | \$ 53,000,000 |
| 1980 Budget Estimate..... | \$ 40,000,000 |
| 1980 Appropriation.....   | \$ 42,500,000 |

Rehabilitation Loan Fund (Section 312)

|                           |                |
|---------------------------|----------------|
| 1979 Appropriation.....   | \$ 230,000,000 |
| 1980 Budget Estimate..... | \$ 130,000,000 |
| 1980 Appropriation.....   | \$ 135,000,000 |

Neighborhood Self-Help Development Program:

|                           |               |
|---------------------------|---------------|
| 1979 Appropriation .....  | \$ 5,000,000  |
| 1980 Budget Request ..... | \$ 15,000,000 |
| 1980 Appropriation .....  | \$ 10,000,000 |

Livable Cities Program:

|                            |              |
|----------------------------|--------------|
| 1979 Appropriation.....    | \$ .....     |
| 1980 Budget Estimate ..... | \$ 5,000,000 |
| 1980 Appropriation .....   | \$ .....     |

Research and Technology:

|                            |               |
|----------------------------|---------------|
| 1979 Appropriation .....   | \$ 57,500,000 |
| 1980 Budget Estimate ..... | \$ 53,000,000 |
| 1980 Appropriation .....   | \$ 49,650,000 |

Fair Housing and Equal Opportunity:

|                            |              |
|----------------------------|--------------|
| 1979 Appropriation .....   | \$ .....     |
| 1980 Budget Estimate ..... | \$ 3,700,000 |
| 1980 Appropriation .....   | \$ 3,700,000 |





## ECONOMIC DEVELOPMENT ADMINISTRATION:

Although the Economic Development Administration (EDA) is operating on a Continuing Appropriation, which funds the agency at its FY 1979 level, it will soon receive between 2.0 and 2.3 billion in new development financing programs; with perhaps an additional \$2 billion in standby authority for a countercyclical Local Public Works program. The Continuing Appropriation was necessitated by congressional delay in reauthorizing EDA's programs.

That reauthorization has now passed both Houses of Congress in varying form and awaits final action by a joint House/Senate Conference Committee. Senate Conferees, representing both the Banking and Public Works Committees, which share jurisdiction over the bill, have been chosen. Opposition by the House Public Works Committee to conference participation by members of the House Banking Committee has delayed selection of conferees by that body. The dispute is expected to be resolved shortly, followed by what may be a lengthy conference session.

Issues to be resolved in conference include the adoption of a standby countercyclical Local Public Works program, funding levels for the various programs, time duration for their authorization, eligibility criteria, limitations on interest subsidies, and whether or not to consolidate Titles I and IX together with the Section 204 provisions into one program as proposed by the Senate.

The Appropriations Committees will not consider the full FY 1980 funding measure for EDA until completion of action on the Conference Report.

## HOUSE VERSION:

The EDA reauthorization measure adopted by the House, H.R. 2063, would provide \$700 million for Public Works Grants in 1980 and \$750 million in 1981.

New business development programs would include \$1.8 billion for loan guarantees; \$350 million for interest subsidies; and \$191 million for direct loans to businesses.

A revolving loan fund for municipalities was authorized at \$125 million. Title IX would remain a separate program authorized \$200 million, of which up to \$100 million could be used for production of methane and gasahol.



The House also authorized a \$2 billion countercyclical Local Public Works program to be triggered in when the national unemployment rate exceeds 6.5 percent. A two-year State supplemental grant program was authorized at \$75 million; and \$100 million was approved for Planning and Technical Assistance to local governments.

Under the House bill 90 percent of the country would be eligible for programs operated by the Economic Development Administration.

#### SENATE VERSION:

The Senate version of the EDA reauthorization bill is less generous than the House-passed measure. The Senate bill consolidates Titles I and IX together with the Section 204 program into a new Title I program authorized at \$555 million.

The business development programs are authorized at \$1.8 billion for loan guarantees, \$150 million for direct loans, and \$50 million for interest subsidies. A State supplemental grant program would be authorized for 4 years at an annual level of \$20 million. Planning and Technical Assistance would be authorized at \$89 million. There is no provision in the Senate-passed bill for a standby Local Public Works program.

Eligibility under the Senate bill would be limited to 67 percent of the country as the administration had requested; however, areas found statistically ineligible as a result of the new criteria would be allowed to retain their eligibility status for two years.

The following chart prepared by the Council for Urban Economic Development clearly depicts the differences between the House- and Senate-passed bills as they go into conference:



**Differences in House and Senate Bills**  
(in millions)

|  | Senate  | House   |
|--|---|---|
| Eligibility                                  | 67% of the country  | 90% of the country  |
| Authorization<br>(\$ and years)              |   |   |
| • <i>grant programs</i>                      | 4 year consolidated grant program \$555.0   | 2 year public works program \$700.0<br><br>2 year Sec. 204, Revolving loan fund \$125.0<br><br>2 year Title IX Special Adjustment Program \$200.0                 |
|  | 4 year State Supplemental Grant Program \$20.0  | 2 year State Supplemental Grant Program \$ 75.0   |
| • <i>Business Development Programs</i>       | 2 year loan program \$150.0<br><br>2 year loan guarantee program \$1,800.0<br><br>1 year interest subsidy program \$50.0<br><br>reserve against defaults \$27.9 | 2 year loan program \$191.0<br><br>2 year loan guarantee program \$1,800.0<br><br>2 year interest subsidy program \$350.0<br><br>reserve against defaults \$ 27.9 |
| • <i>Planning &amp; Technical Assistance</i> | 4 year program \$89.0   | 2 year program \$100.0  |
| • <i>Local Public Works</i>                  | No standby Local Public Works   | Standby Local Public Works \$2,000.0  |
| Depth of Interest Subsidies                  | Interest rates on loans and guarantees can be reduced by 5 percentage points but effective rate cannot fall below 5%  | Interest rates on loans and guarantees can be reduced by 7 percentage points but effective rate cannot fall below 4%  |

Note: Figures are for FY80 only; higher authorization levels would be effective in FY81.





## DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES:

The Department of Transportation (DOT) and Related Agencies have an appropriation level of \$9,651,312,439 in new budget (obligational) authority for fiscal year 1980. This amount is \$422,007,343 less than the budget estimate, and approximately \$203 million over the FY 1979 appropriation of \$9.358 billion.

In addition to the new budget (obligational) authority for FY 1980, \$9,172,751,000 is appropriated to liquidate contract authorizations in the Department of Transportation, and \$224,218 is appropriated for debt reductions in DOT. The total appropriation for 1980 is \$18,734,287,657. This is \$268,130,343 less than 1979 appropriations.

## NORTHEAST CORRIDOR IMPROVEMENT PROGRAM:

The appropriation for the N.E. Corridor Improvement Program is \$381 million. This is \$100 million less than the full budget request and \$109 million less than the 1979 appropriation.

This appropriation is for system engineering, program management, and construction for the upgrading of rail passenger service in the Boston to Washington, D.C. corridor. Last year's bill included a provision which freed up \$100 million being held aside for the indemnification of the engineering contracts on the project. However, since this was not accomplished by the FRA until late in the fiscal year, most or all of these funds will carry over into fiscal year 1980.

The House and Senate authorizing committees are presently considering additional authorizations for this project. (This is a result of the January 1979 Redirection Study which acknowledges that at least \$1 billion in additional funds would be needed to complete the work described in the study.) The House and Senate committees are directed that, with the exception of design work and until additional authorization legislation is enacted, the obligation of funds appropriated for this program will be confined to projects which are not dependent on additional authorizations for their completion.

## GRANTS TO NATIONAL RAILROAD PASSENGER CORPORATION (AMTRAK):

The appropriation for grants to AMTRAK is \$873.4 million for fiscal year 1980. This is an increase of \$23.4 million over the full budget request and \$94.4 million more than the 1979 appropriation.

This appropriation provides \$12 million for payments of the final principal installment to CONRAIL on the purchase of the N.E. Corridor.



## URBAN MASS TRANSIT ADMINISTRATION (UMTA):

The appropriation for the Urban Mass Transit Administration is \$2,170,535,000. This is \$1,345,825,000 less than the budget request, and \$1,341,065,000 less than the 1979 program level.

Most of UMTA's programs will be funded with direct appropriations in fiscal year 1980. Part of the formula grant program, however, will still be financed with contract authority granted prior to the effective date of the Congressional Budget Act. Interstate transfer grants will be financed entirely with direct appropriations instead of being funded partially with contract authority as proposed in the budget.

## URBAN DISCRETIONARY GRANTS AND URBAN INITIATIVES:

The appropriation for Urban Discretionary grants is \$1.380 billion. This is \$101.2 million more than the budget request and \$130 million more than the 1979 appropriation. The funding for urban discretionary grants will be allocated as follows:

| <u>Category</u>                               | <u>Distribution of Funds</u>               |
|---|--|
| Bus and Bus Related Facilities.....           | \$255,000,000 (this is \$20m. over budget) |
| Rail Modernization and System Extensions..... | \$650,000,000 (no budget figure)           |
| New Systems.....                              | \$320,000,000 (\$10m. less budget)         |
| Downtown People Movers.....                   | \$ 20,000,000 (\$5m. less budget)          |
| Planning.....                                 | \$ 55,000,000 (same as budget)             |
| Urban Initiatives.....                        | \$ 80,000,000 (\$120m. less than budget)   |

Bus and Bus Related Facilities: This increase is to accomodate major bus procurements, which cannot be funded under Section 5 monies, and to provide additional buses to help meet increased demands.

Rail Modernization and System Extensions: The funding under this program goes primarily to eight areas, one of which is Boston, and may be used for modification and extension of the fixed route overhead electrification for propulsion of trolley bus systems.

New Systems: This is intended to cover construction in Atlanta, Miami, Baltimore, and Buffalo.

Downtown People Movers: This is for the construction of downtown people movers.





Planning: This funding is for major planning activities for alternative studies for major capital investments, and short range transportation system management and transportation improvement programs. This amount also includes money for planning for the elderly and the handicapped.

Urban Initiatives: Under the appropriation for Urban Initiatives \$17 million is to be provided for the continued development of South Station in Boston. In addition, the most part of the \$50 million provided for in the FY 1979 supplemental appropriation bill will be available this year making it a total of \$130 million.

#### URBAN FORMULA GRANTS:

The appropriation for Urban Formula Grants is \$615 million. This is \$15 million more than the budget request and \$61.5 million over the 1979 appropriation. The funding for Urban Formula Grants will be allocated as follows:

| <u>Category</u>              | <u>1980 Appropriations</u> |
|------------------------------|----------------------------|
| Tier I.....                  | \$850,000,000              |
| Tier II.....                 | \$150,000,000              |
| Tier III.....                | \$ 90,000,000              |
| Bus and Bus Facilities.....  | \$300,000,000              |
| TOTAL PROGRAM.....           | \$1,390,000,000            |
| LESS CONTRACT AUTHORITY..... | -\$775,000,000             |
| AMOUNT APPROPRIATED.....     | <u>\$615,000,000</u>       |

In addition to the direct appropriation there is \$775 million in contract authority which became available on October 1, 1979. Therefore, the 1980 total obligational authority is \$1.390 billion. In addition to the funding shown above, there will be approximately \$387 million of un-obligated prior-year contract authority funds which will be available for expenditure during fiscal year 1980.

Funds provided for Tiers I and II are available for capital or operating grants and are apportioned on the basis of population and population density with 85 percent of the Tier II funds going to urbanized areas with populations greater than 750,000.

Funds provided for bus and bus related facilities are apportioned on a similar basis, but are made available only for purchase of buses and related equipment, or for construction of bus related facilities.

The commuter rail/fixed guideway funds under Tier III are apportioned on the basis of fixed guideway and commuter rail route mileage and commuter rail train mileage.





#### INTERSTATE TRANSFER GRANTS:

The appropriation for Interstate Transfer Grants is \$700 million. This is \$320 million more than the budget request and \$300 million more than the 1979 appropriation.

The budget request asked for a direct appropriation of \$380 million in 1980, and to use remaining contract authority of \$320 million for a total program level of \$700 million. However, as passed by Congress the bill includes this total amount of \$700 million as an appropriation of new budget authority and rescinds the remaining contract authority.

Of the \$700 million appropriated \$320 million would go to those projects previously financed with contract authority in five areas, one of which is Boston. \$275 million is for the construction of the fixed rail transit system in D.C., and \$105 million for other interstate transfer grants.

#### FEDERAL HIGHWAY ADMINISTRATION:

##### MOTOR CARRIER SAFETY:

The appropriation for Motor Carrier Safety is \$13.7 million. This is \$38,000 less than the budget request and \$1.129 million more than the 1979 appropriation.

This appropriation provides for the policies and programs that will protect the public from risks associated with truck and bus transportation on highways.

##### HIGHWAY SAFETY RESEARCH AND DEVELOPMENT:

The appropriation for Highway Safety Research and Development is \$9.5 million. This is the same as the budget request and \$500,000 more than the 1979 appropriation.

The research conducted under this program is utilized to support the safety standards established as a result of the Highway Safety Act of 1970.

The \$500,000 increase over fiscal year 1979 appropriations is for the National Accident Sampling System to examine the highway features which contribute to accidents.

##### HIGHWAY-RELATED SAFETY GRANTS (TRUST FUND-APPROPRIATION TO LIQUIDATE CONTRACT AUTHORIZATION):

The appropriation for Highway-Related Safety Grants is \$26.5 million. This is the same as the budget request and \$3.5 million



more than the 1979 appropriation.

These funds are a liquidating cash appropriation and are to strengthen State and local highway safety programs.

The obligations for this program are limited to \$28 million in 1980 from the Highway Trust Fund.

OFF-SYSTEM ROADS (APPROPRIATION TO LIQUIDATE CONTRACT AUTHORIZATIONS):

The appropriation for Off-System Roads liquidation of contract authority is \$10 million. This is the same as the budget request and \$52.5 million less than the 1979 appropriation.

These funds are to liquidate contract obligations incurred for roads off the Federal-aid system. The sum for liquidating cash is for construction, reconstruction, and improvement projects on public roads and bridges not previously eligible for Federal-aid. This program has been superseded by the Safer Off-System roads program.

SAFER OFF-SYSTEM ROADS:

The appropriation for Safer Off-System roads is \$35 million. The Administration requested no funds for this program in 1980, this figure is \$20 million more than the 1979 appropriation.

These funds are for the construction, reconstruction, and improvement of roads not on the Federal-aid system, and will be made available to States for general highway improvements, correction of safety hazards, and the replacement of bridges.

FEDERAL-AID HIGHWAYS (TRUST FUND-APPROPRIATION TO LIQUIDATE CONTRACT AUTHORIZATION):

The liquidating cash appropriation for the Federal-Aid Highways program is \$6.8 billion. This is \$100 million less than the budget request, and \$150 million less than the 1979 appropriation. This reduction is possible due to a large carryover balance from FY 1979.

The bill also includes a general provision limiting to \$8.75 billion the obligations which can be incurred under this program during FY 1980.

Approximately \$4 billion is expected to be obligated during FY 1980 to continue the construction of the Interstate Highway System.



Also included in the programs funded under the obligation ceiling is the highway bridge replacement and rehabilitation program. This program increases from \$900 million in FY 1979 to \$1.1 billion in 1980. This money is awarded to States on a formula basis, they in turn make the determination of which bridge projects to fund.





DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES

FY1980 Appropriation     \$9,561,312,439  
FY1980 Budget Request    \$9,983,319,782  
FY1979 Appropriation     \$9,358,203,096

| <u>DOT</u>                | 1980 Appropriation | 1979 Appropriation |
|---------------------------|--------------------|--------------------|
| Office of the Sec.        | \$ 43,843,000      | \$ 46,200,000      |
| Coast Guard               | 1,621,776,782      | 1,549,890,096      |
| Fed. Aviation Admin.      | 2,516,270,000      | 2,518,718,000      |
| Fed. Hwy. Admin.          | 149,450,000        | 251,306,000        |
| Hwy. Traffic Safe. Admin. | 105,525,000        | 83,735,000         |
| Fed. R.R. Admin.          | 1,548,371,000      | 1,617,385,000      |
| UMTA                      | 2,170,535,000      | 2,366,600,000      |
| Research & Spec. Prog.    | 25,846,000         | 24,760,000         |
| Office of Inspector Gen.  | 700,000            | not included       |

SUBTOTAL DOT\$8,182,316,782\$8,458,594,096RELATED AGENCIES

|                           |               |              |
|---------------------------|---------------|--------------|
| Nat'l Trans. Safe. Board  | \$ 16,782,500 | 16,080,000   |
| Civil Aero. Board         | 104,387,000   | 100,594,000  |
| Interstate Commerce Comm. | 152,699,000   | 72,875,000   |
| Panama Canal Comm.        | 463,887,000   | 81,017,000   |
| U.S. Railway Assn.        | 573,900,000   | 566,200,000  |
| Wash. Metro Transit       | 65,774,000    | 61,343,000   |
| Nat'l Alcohol Fuels Comm. | 1,500,000     | 1,500,000    |
| Nat'l Trans. Policy Std.  | 66,157        | not included |

SUBTOTAL RELATED AGEN.\$1,378,995,657\$ 899,609,000GRAND TOTAL\$9,561,312,439\$9,358,203,096

|   |                  |                  |
|---|------------------|------------------|
| Approp. to Liquidate<br>contract authorizations | \$9,172,751,000  | \$9,644,000,000  |
| Approp. for debt reduc-<br>tion                 | \$ 224,218       | \$ 214,904       |
| TOTAL - ALL APPROP.                             | \$18,734,287,717 | \$19,002,418,000 |



## DEPARTMENT OF THE INTERIOR

The Interior Department Appropriations Bill passed by Congress for FY 1980 surpassed the Administration's request by \$273 million. Totalling \$30.3 billion, this bill includes funding for both the Department of the Interior and the Department of Energy. An increase of \$18 billion over the FY 1979 appropriations level is primarily the result of two new program categories in the energy area: low income energy assistance and alternative energy production incentives. These two programs will be described in the energy portion of this briefing.

The actions of the Conference Committee resulted in a \$4.1 billion budget for the Department of the Interior. This sum is \$137.3 million greater than the Administration had requested. This increase was primarily due to substantially increased funding for the U.S. Geological Survey, which is involved with oil and gas exploration in Alaska.

### HERITAGE CONSERVATION AND RECREATION SERVICE

The Heritage Conservation and Recreation Service (HCRS) serves as the Federal focal point for outdoor recreation and for the preservation of cultural and natural heritage resources; is involved in a wide range of planning and policy formulation; and provides technical assistance to Federal, State, and local agencies. Financial assistance is provided to the States through the Land and Water Conservation Fund for the purpose of recreation planning and acquisition and development projects. Grants-in-aid are provided by HCRS to the States and to the National Trust for Historical Preservation, for funding and technical assistance for the preservation of historic, architectural, and cultural resources.

The greatest distinction between the Administration's request and the Congressional funding decisions occurred within the HCRS. This category received \$115.4 million less than the President had recommended. Twenty-five million of that amount was deleted from the National Park Service and Forest Service land acquisition funds and another \$25 million was eliminated from the Urban Parks fund.

It has been recommended that all technical assistance for State, local, and private recreation activities be placed within HCRS. Thus, an additional \$600,000 has been transferred into this program area from the National Park Service.

There are several program areas of particular significance to local government and urban concerns. A brief description of these programs' appropriation levels and a rationale for various program and funding decisions follows.





## URBAN PARKS

The Urban Park and Recreation Fund is in its second year of funding. Authorized for five years, its purpose is to aid cities in the rehabilitation and restoration of park and recreation facilities. Both the Senate and the House agreed on an appropriation level of \$125,000,000 for FY1980. This is \$25,000,000 less than the Administration had recommended and more than \$105,000,000 over last year's 1979 Supplemental Appropriation of \$20,000,000.

This \$125,000,000 includes \$121,000,000 for grants to cities. As much as \$15,000,000 of these funds may be spent on innovation grants, and it is recommended that priority be given to the handicapped and the elderly. The Conference Committee restored \$2,000,000 to the administrative services category, which had been reduced by the House. It was decided that these monies were needed in order to support state cooperation in administering the urban grants. This would allow for the reduction of overhead costs by utilizing available state manpower.

The significance of this program to large urban areas was emphasized when HCRS documented that very few funds appropriated for the Land and Water Conservation Fund since 1966 had gone to cities with populations of 100,000 or more. Cities with 27 per cent of the U.S. population had received only 10 per cent of the Land and Water Fund. It was thought that the Urban Parks Program would partially offset that imbalance.

As a result of the \$20,000,000 appropriated within the FY1979 Supplemental Appropriations Act, forty-four cities and towns were awarded grants in October. Two categories of competition existed for rehabilitation and innovation funding. Boston was the only city to be awarded a grant in both areas of competition, having received sums of \$675,000 for its rehabilitation proposal and \$17,500 for the innovation component.

## LAND AND WATER CONSERVATION FUND

The Conference Committee has appropriated \$509,194,000 for the Land and Water Conservation Fund (LWCF). This program had an appropriation level of \$737,025,000 in FY1979. This significant reduction in funding implied a disenchantment with Federal land acquisition. Many on the Committee thought that the LWCF had possibly become "overfunded", resulting in frenetic activity geared toward spending rather than addressing actual program needs.

Even with this spending agenda, however, a significant portion of the available funds were not obligated in FY1979. During the last two months of FY1979, little more than half of the appropriations available to land managing agencies had been obligated. The availability of more than \$220,000,000 in unused appropriations diminished enthusiasm for new funding levels in FY1980.





## HISTORIC PRESERVATION FUND

The Conference Committee has recommended an appropriations level of \$55,000,000 for the Historic Preservation Fund for FY 1980. This includes \$5,200,000 for the National Trust for Historic Preservation, \$48,022,000 for grants to States, and \$1,778,000 for administrative expenses.

Grants for restoration of local government buildings are allowed as long as as no more than fifteen per cent of the total grant is allowed for such structures. Lobbying efforts by representatives of various city governments resulted in this allowance.

Maritime Preservation Grants were part of the Historic Preservation Fund in FY1979. Over two hundred applications were received with requests totaling \$24 million. The Senate Appropriations Committee is particularly interested in awarding these maritime preservation grants in FY1980.



## ENERGY:

The Department of Energy received an increase of \$17.3 billion more than its FY 1979 appropriations. This level of \$22 billion was \$133 million less than the Administration had requested. The increase over FY 1979 was primarily attributable to the \$20 billion allowed for alternative fuels production incentives. Of that amount, most will be kept in reserve until additional appropriations are available, with only \$212 billion available immediately. \$1 billion of that amount is designated for new solar and conservation incentive programs. Those cuts in the Administration's budget were in the area of already existing solar and conservation programs which had not completely expended funds from previous years. Specifically \$34 million was eliminated from the Schools and Hospitals energy conservation program. This was a result of the committee's opinion that that program had not advanced quickly enough to utilize the Administration's request of \$202 million that was additionally the rationale behind \$12 million eliminated from a solar panels in federal buildings program. An additional \$25 million was deleted from a program that would have assisted communities that were adversely impacted by energy development.

## STATE AND LOCAL PROGRAMS:

### LOW-INCOME FUEL AID:

\$1.35 billion was allotted in the Interior appropriations bill for assistance to the poor. Specifically these funds will be distributed as follows:

\$400 million will be designated for Supplemental Security Income (SSI) recipients. These funds would be dispersed on a one time only basis and no household could receive more than a total of \$250.

\$150 million of these funds are designated for the crisis intervention program (CIP) administered within the Community Services Administration.

\$800 million is targeted for a new state block grant program.

\$34 million is allotted for administrative expenses.

The Treasury Department is to reimburse for emergency payments with funds generated from the Windfall Profits tax, should that tax be passed.

An additional \$250 million has been appropriated within the FY 1980 Labor/HEW Continuing Resolution<sup>1</sup> for the Community Services Administration (CSA) Crisis Intervention Program. Thus, a total of



\$1.6 billion will be available for FY 1980 for low-income energy assistance. These funds will be divided amongst the Community Services Administration's Crisis Intervention Program, State block grants, and HEW payments. Massachusetts would receive approximately \$17.79 million in CSA funds, \$18.06 million in SSI Funds and \$40.64 million in Block Grant Funds with a grand total of \$76.5 million.

There was also widespread uneasiness concerning approval of what some House members feared would become a permanent addition to federal welfare costs. Others were distressed both with the haste with which the program was passed and with the fact that even those in warm climates would receive assistance.

#### CONSERVATION:

The Conference Committee recommends an appropriation of \$628.702 million for energy conservation. This is a decrease of \$63.8 million below the Senate's recommended levels. Specifically, this net decrease under the amount proposed by the Senate consists of the following increases:

\$3 million for urban waste research, development, and demonstration.

\$200,000 for the federal energy management program.

\$3.250 million for industrial cogeneration.

\$2.5 million for administration of the Schools and Hospitals grant program.

A Sunbelt-Snowbelt controversy developed over the method for dispersal of these funds. Southerners in both Houses objected to a compromise formula during floor debate on the Conference report, asserting that the formula was too heavily weighted toward the colder States.





## LEGISLATION

The preponderance of legislation impacting the local level requires that a brief summary of the most relevant pieces of legislation be presented.

The Senate has recently passed S.932 which will both provide \$20 billion for a Synthetic Fuels Corporation and will allow for \$14 billion to be spent in solar and conservation programs. Since Boston has no known reserves of shale, coal, or tar sands, the City will have to be satisfied with reaping the indirect benefits of that endeavor. However, the potpourri of energy conservation programs included within this bill should be of significant interest to the City. Homeowners would receive \$3.35 billion in loans for insulation and weatherization projects. Twenty-four billion is designated for conservation grants to low and moderate income residents. The bill further suggests that an energy inspection be required prior to any house being sold. This initiative has already been undertaken by several cities.

Of particular significance to Boston is a \$100,000,000 program designated for wind power projects. Boston, being one of the windiest cities within the country, could make some significant inroads in that area. Also included within this bill is \$6.32 billion for gasohol projects, \$750 million for a solar bank, and \$750 million for geothermal energy.

H.R. 605 is a conservation and solar package providing \$2.3 billion for a Conservation Bank and \$485 for a Solar Bank. The bill would further provide \$5 billion for the purchase of secondary finance obligations from banks by the Federal government to assist in Solar and Conservation development.

The Community Energy Efficiency Program (CEEP) has been introduced by Senator Tsongas. CEEP would be administered by HUD, being similarly structured to UDAG and CDBG programs already existing within that agency. CEEP would allow for three categories of grants: community energy action grants, development of advanced energy programs, and funding for major capital improvements.

## CURRENT PROGRAMS

### Weatherization Assistance

Low-income families are provided with up to \$800 in installed weatherization materials, up to \$100 in building repairs, and up to \$50 in furnace repairs. Families with incomes at 125% or less of the OMB poverty level will qualify for weatherization assistance.

### Energy Crisis Intervention Program

This program helps low-income families pay energy bills, assists them in the event of a fuel shortage, or a cut-off of their utility services. An eligible family can have a maximum line of



credit worth up to \$400 (varying by state), can be given short term assistance via clothing, food, etc., or can be provided with direct cash assistance of up to \$50.00.



COMMUNITY SERVICES ADMINISTRATION:

EMERGENCY FUEL ASSISTANCE:

The Conference Committee has agreed to provide the full amount requested by the President for emergency fuel assistance. \$1.35 million will be appropriated within the Department of Interior Appropriation bill. An additional \$250 million was appropriated within the continuing resolution of Labor/HEW. Thus, a total of \$1.6 billion will be available for low income fuel assistance for the upcoming winter months. The amount in the Conference agreement will be allocated as follows:

\$400 million will be distributed to Supplemental Security Income (SSI) recipients, according to the State in which they live, by a three-part formula based upon heating degree days, the number of households below 125 percent of poverty, the difference in home heating expenditures between 1978 and 1979 and the number of SSI recipients in a State compared to the number of SSI recipients in all States.

\$942.6 million in addition will be allocated directly to the States under a two-part formula based upon heating degree days, the number of households below 125 percent of poverty, and the difference in home heating expenditures between 1978 and 1979.

The Conference agreement includes \$150 million for the energy crisis assistance program administered by the Community Services Administration. That amount, together with \$250 million appropriated earlier will provide a total of \$400 million for fiscal year 1980.





#### LABOR/HEW CONTINUING RESOLUTION:

No final congressional approval was reached for the Labor/HEW appropriations bill as a result of the perennial abortion debate. Thus, a continuing resolution has been enacted to accommodate the relevant departments. [A continuing resolution is a joint resolution, incorporating the conference agreements of both the House and Senate. This joint resolution must be signed by the President and has the force of law.]

#### YOUTH PROGRAMS:

Youth programs will garner the most visible increase in funding for fiscal year 1980. The Summer Youth Program will receive \$608.5 million, almost \$200 million more than the Administration had requested. This total, combined with a carryover of \$181.333 million will provide one million summer jobs in 1980. Although, this is the same level as was provided for within FY 1979, it is a 25 percent increase over the President's recommendation. The Administration had recommended eliminating the participation of 14-year-olds, thus allowing the 25 percent reduction. The YEDPA program will be funded at the level of \$1.076 million, this is less than both the President's and the Senate's recommended funding level but considerably more than the House's recommended funding level.

#### TITLE II-D:

Title II-D will be funded at the level of \$1.485 billion, the House and the Senate concurred on this figure which was \$631 million less than the President's recommendation.

#### TITLE II-A,B,C,:

These programs will be funded at the level of \$2.054 billion. The Administration, House, and Senate all agreed on this appropriation level. Both the House and Senate assume carryover FY 1979 funds which, coupled with appropriated funds will finance 267,000 jobs.

#### TITLE VI, PUBLIC SERVICE EMPLOYMENT:

This program will be funded at the level of \$1.625 billion in agreement with the Senate's recommendation but significantly less than both the Administration's and the House recommendation.



## DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE:

### HEALTH PROGRAMS:

Many of the programs outlined below reflect concerns of the City of Boston as outlined in either the Boston Health Plan (1977-1982) or in Commissioner Rosenbloom's prepared remarks to the Boston Congressional Delegation last February 15th.

### HEALTH SERVICES ADMINISTRATION

The appropriation provides \$1,325,278,000 for health service programs. This is a reduction of \$5,994,000 from the budget request and an increase of \$102,870,000 over the comparable appropriation available for fiscal year 1979.

The mission of the Health Services Administration is to provide health services for the underserved or disadvantaged, to build health services delivery capacity in medically underserved areas, to foster effective and efficient health services delivery, and to provide services to statutorily defined populations.

### COMMUNITY HEALTH CENTERS:

The House and Senate Conferees have agreed to an appropriation of \$320,000,000 for Community Health Centers. This figure is \$51,936,000 less than the budget request, but it is \$61,064,000 above the 1979 comparable appropriation. The prime responsibility of the Centers program is the development of service capacity in medically underserved areas (mua's). The increased funding level will allow for expanded services to adolescents, for increased operational grants for centers in financial difficulty, and for the establishment of 180 new urban and rural centers.

There are 180 projects currently approved. The Conference Committee does not believe that these applications should be disadvantaged by the rejection of the 1979 supplemental request for new Centers. The Conference Committee expects that priority for funding from the 1980 appropriation will be given to these projects. The ALLSTON-BRIGHTON Neighborhood Health Center is one of those which is currently approved but lacking funding. The DIMOCK COMMUNITY HEALTH CENTER in Roxbury and administered by the New England Hospital Corporation was awarded a grant of \$144,000 in fiscal year 1979.

### COMPREHENSIVE HEALTH GRANTS TO STATES:

The Conferees have agreed to appropriate \$68,000,000 for this grant program. This is \$16,000,000 above the budget request. However, it is a reduction of some \$22,000,000 from the comparable 1979 appropriation. This reduction from previous year's funding has been compensated by an increase in direct federal grants for health services which were previously the responsibility of the State and local governments.





#### HYPERTENSION PROGRAMS:

The appropriation includes \$20,000,000 for screening, diagnosis and followup services targeted at populations with high risk of hypertensive disease. This is an increase of \$6,739,000 over the budget request and an increase of \$9,000,000 over the amount available in fiscal year 1979.

Beginning in 1980 assistance to States will be provided through project grants as required by Public Law 95-626 rather than on the basis of State population.

#### CENTER FOR DISEASE CONTROL/PREVENTIVE HEALTH SERVICES

The appropriation provides \$282,415,000 for preventive health services administered by the Center for Disease Control. This is a reduction of \$3,720,000 from the budget request and an increase of \$51,046,000 over the comparable 1979 appropriation.

The mission of the Center for Disease Control is to assist State and local health authorities and other health related organizations in stemming the spread of communicable diseases, protecting against other diseases or conditions amenable to reductions, providing protection from certain environmental hazards, and improving occupational safety and health. In Boston, the Mattapan and Long Island Chronic Disease Hospitals are involved in this work.

#### VENEREAL DISEASE PROJECT GRANTS:

For the venereal disease program an appropriation of \$40,000,000 has been made. This represents an \$8,000,000 increase over both the budget request and the 1979 comparable appropriation. Project grants are awarded to State and local health departments for prevention and control of venereal disease.

#### CHILDHOOD IMMUNIZATION:

An appropriation of \$24,532,000 was agreed to for the childhood immunization program. This is \$6,000,000 more than the budget request and an increase of \$1,532,000 over the comparable 1979 appropriation.

These funds will support grants to assist States and localities in carrying out immunization programs against: measles, rubella, poliomyelitis, mumps, diphtheria, pertussis, and tetanus. Specifically, project grant funds will be used to focus special attention on developing the capability of States and local communities to rapidly identify and contain outbreaks of diseases, and to carry out targeted immunization programs to improve the level of protection against vaccine preventable diseases among preschool and school children, particularly in central city and rural areas.





#### RODENT CONTROL:

Fourteen (14) million dollars are appropriated for rodent control programs. This is \$1,000,000 above both the budget request and the comparable 1979 fiscal year appropriation. These funds are awarded to communities with severe rat problems, especially those which are developing sound rat control programs, and which have been able to attract substantial State and local funding.

#### LEAD-BASED PAINT POISONING PREVENTION PROGRAM:

For the purposes of this program an appropriation of \$11,250,000 is set. This figure is \$1,000,000 above both the budget request and the comparable 1979 fiscal year appropriation. Project grants are made to assist communities in developing child screening and follow-up programs. These grants are used primarily to develop an active lead-based paint poisoning prevention program which can coordinate lead screening and follow up activities of other health programs, and which can supplement these activities by providing an active outreach effort in neighborhoods where lead-based paint is accessible to children.

#### ALCOHOL, DRUG ABUSE AND MENTAL HEALTH ADMINISTRATION

##### MENTAL HEALTH COMMUNITY PROGRAM:

An appropriation of \$276,468,000 is made for community programs. These funds will support the direct provision of services to persons with mental illness primarily through the Community Mental Health Centers networks. The Conference Committee has approved the budget request for those portions of the program which are currently authorized including \$35,000,000 for new mental health centers which is the maximum authorized under the Community Mental Health Centers Act. In addition to funds for new centers, the Conference Committee has approved requests for \$230,868,000 in continuation costs for existing centers and \$3,000,000 for consultation and education grants which is the maximum currently authorized. The Committee expects new center grants to be funded under the normal grant cycle. The Conferees have also approved the \$7,600,000 requested for community support programs to help coordinate services to patients recently released from State hospitals as a result of a program of "deinstitutionalization."

##### DRUG ABUSE COMMUNITY PROGRAM:

Appropriations have been made for drug abuse research, training and program support. Funding for the community program is not currently authorized.

#### SPECIAL HEALTH PROGRAMS

##### ALCOHOL AND SMOKING DEMONSTRATION GRANT:

Ten (10) million dollars are provided for a newly authorized



alcohol and smoking demonstration grant program. The funds will be awarded to launch community-based smoking prevention/education programs to deter smoking among children; evaluate existing community approaches to smoking and alcohol education to identify effective models; and expand programs to ensure broader coverage of groups who are at high risk of taking up smoking or developing alcohol problems.

#### ADOLESCENT PREGNANCY PROGRAM:

Seventeen and a half (17.5) million dollars are provided for a newly-authorized adolescent pregnancy program. This program is intended to provide assistance to: (1) develop and expand networks of community based service to prevent repeat pregnancies among adolescents; (2) provide care and services to pregnant adolescents; and (3) assist pregnant adolescents and adolescent parents to become productive, independent contributors to family and community life.

#### HEALTH RESOURCES ADMINISTRATION:HEALTH RESOURCES

The appropriation includes \$405,243,000, an increase of \$142,270,000 over the budget request, and a reduction of \$7,247,000 below the appropriation for fiscal year 1979.

Significant figures, as far as Boston is concerned, are the Allied Health figures and the Primary Care Residencies and Training figures. Both of these areas would have provided some relief for the financially strapped Health and Hospitals. Allied Health is appropriated for a sum of \$3,000,000 which is \$10,000,000 below the 1979 fiscal year appropriation. Primary Care Residencies are to be funded at a level of \$19,500,000, which is \$11,500,000 below the budget request and only \$2,000,000 above the comparable 1979 fiscal year appropriation.

The basic statutes authorizing the programs of the Health Resources Administration are the Health Professions Educational Assistance Act, the Nurse Training Act, and the National Health Planning and Resources Development Act. These laws are incorporated in Titles VII, VIII, and XV of the Public Health Service Act.

#### HUMAN DEVELOPMENT SERVICES:AGING PROGRAMS

For programs serving the aged administered by the Administration on Aging, the Conference Committee recommends an appropriation of \$623,720,000, an increase of \$64,954,000 over the budget request, and an increase of \$114,970,000 over the comparable amount available in fiscal year 1979.

For Community Service Programs authorized by Title III of the Older Americans Act, the Conferees recommend \$246,970,000 an increase of \$27,500,000 over the budget request and an increase of \$34,970,000 over the amount available in fiscal year 1979. The increase is to cover the increased cost of the preparation and implementing of annual plans by State and local agencies on aging. Funds under this program



are awarded by formula grant to each State to pay up to 90 percent of the cost of operating and establishing social services and multi-purpose senior centers. Services available under this program include outreach and referral, transportation, residential repair, legal, and in-home services.

For the Nutrition Program for the elderly the Conferees have set a figure of \$320,000,000. This is an increase of \$70,000,000 Over the amount available for fiscal year 1979 and an increase of \$42,454,000 over the budget request. Funds under this program are awarded by formula to each State. Area agencies then make awards to service providers for congregate and home delivered meals. Through fiscal year 1980 up to 20 percent of these funds may be used for related social services such as transportation of individuals to nutrition project sites. About 10,200 sites have been established to provide congregate meals. The nutrition program will continue to give priority to the low income and minority elderly.





## MINORITY BUSINESS ENTERPRISE

The appropriation provides \$58,689,000 for the minority business development programs of the Department of Commerce, which are administered by the Office of Minority Business Enterprise. This amount represents a reduction of \$94,000 from the budget request, but is an increase of \$724,000 above appropriations currently available for fiscal year 1979 for this program.

The function of the Office of Minority Business Enterprise is to promote and assist the expansion of minority business enterprise in the United States by coordinating and encouraging action by Federal, State, and local government agencies to assist minority business; by promoting action by the private sector; by providing financial assistance to public and private organizations which furnish management and technical assistance to minority business; by providing financial assistance for pilot or demonstration projects; and by disseminating information.

The Committee recommendation will provide the resources to assist OMBE in carrying out this program, and includes increases for non-discretionary costs as well as a program increase to expand the number of Technology Commercialization Centers from 6 to 10. This increase will provide for one center in each Federal region.

## MINORITY BUSINESS ENTERPRISE REORGANIZATION

In August of this year, Under Secretary of Commerce Luther H. Hodges, Jr., announced the Department's proposal for upgrading and expanding its current minority business development program under a new federal entity called the Minority Business Development Agency (MBDA). The new agency will replace the Department's 10-year old Office of Minority Business Enterprise (OMBE).

Commerce's proposal reflects three purposes:

- \* Upgrading programs currently operated by the Inter-Agency Council (IAC) and the Office of Minority Business Enterprise (OMBE), and adding new complementary programs;
- \* Expanding the emphasis of Commerce MBE efforts to include the creation and cultivation of medium-sized firms (those with annual sales in excess of \$1,000,000).
- \* Affirming through legislation the Department's lead role in coordinating national minority business assistance efforts ( a role currently assigned to Commerce by Executive Order 11625).

### Upgrading and Expansion of the current Commerce Effort

The Commerce proposal envisions basic changes in the structure,



management, and focus of existing OMBE programs to increase the quality, duration, and accountability of management and technical assistance to smaller firms and to provide comparable assistance to medium-sized firms. Current research and information capabilities would be strengthened. In addition, the proposal calls for new programs for capital assistance and education and training aimed largely at the creation and cultivation of medium-sized minority firms.

As such, MEDA could marshal an integrated and virtually comprehensive set of assistance tools to support minority firms of all sizes. These tools would be used as closely as possible in concert with SBA's small-firm capital assistance and procurement programs.

### Broadening the Focus of Commerce Efforts

The Commerce proposal would depart from past Federal practice by committing substantial resources to cultivate and create medium-sized minority firms. This expanded focus reflects strategic judgments about the basic purposes of minority enterprise development, and the most promising additional means available to the Department to serve these purposes.

In the past, Federal MBE programs have been plagued by ambivalence on the question of social versus commercial goals. In the most fundamental sense the goals of the Commerce proposal are social--to seek a more equitable distribution of business ownership and of the social and political muscle that such ownership can provide. Its methods, however, are vigorously commercial -- to create and cultivate profitable medium-sized minority businesses.

The current rate of minority enterprise development seems to require an orientation toward the medium-sized firms. In addition, the proposal would respond to unmet needs of larger MBE's in non-traditional sectors and capitalize on the emergence of a new generation of professionally-trained potential minority entrepreneurs who are capable of exploiting larger business opportunities. As such, it would enhance but not significantly duplicate existing Federal capacities.

### A Lead Federal Role

The new MEDA would incorporate and enlarge upon important goal-setting, advocacy, and market development functions currently performed by the Inter-Agency Council (IAC), under authority vested in Commerce by Executive Order 11625. These functions would be coordinated closely with MEDA's capital, Management and Technical Assistance, and other programs and directed with them, to a substantial degree, toward the creation and cultivation of middle-sized firms. Legislative embodiment and expansion of Commerce's leadership role in promoting and coordinating public and private minority enterprise development efforts would be entirely appropriate to its Cabinet status.





## THE COMMERCE PROPOSAL

Commerce will propose legislation to replace the Office of Minority Business Enterprise with a new Minority Enterprise Development Administration, headed by an Assistant Secretary. The new Administration would operate in five program areas:

- (1) Capital Assistance. MEDA would provide direct and indirect financing to medium-sized and larger businesses and those with high growth potential in manufacturing, finance, construction, wholesaling, and basic resources. An intended effect of this financing would be to stimulate the flow of private capital to these ventures. Federal assistance would be for various purposes, but emphasis would be on expansions and acquisitions to increase the number of larger MBE's.
- (2) Enterprise Development Assistance. MEDA would select and sponsor a limited number of business development corporations with sufficient staff and financial resources to provide high quality management and technical support over extended periods, and with appropriate follow-up, to promising firms of all sizes. These BDC's would draw on their own expertise and on specialized private sector consulting services to meet clients' needs.
- (3) Education and Training. MEDA would enlarge the emerging cadre of professionally-trained prospective minority entrepreneurs through apprenticeship programs, scholarships for advanced management training, and measures to strengthen the capability of educational institutions to prepare skilled minority managers and entrepreneurs.
- (4) Research and Information Gathering and Dissemination. MEDA would collect, analyze, and disseminate comprehensive data on the condition of minority businesses. It would also undertake research on the problems of minority firms and their solutions.
- (5) Coordination. MEDA would draw upon Commerce's extensive business service resources, and would incorporate and expand upon current IAC functions. It would coordinate all Federal goals for MBE participation in procurement and financial assistance programs; mobilize and coordinate State, local, and major private sector procurement efforts; advocate MBE interests before Federal tax, regulatory, and other administrative or program authorities; and encourage long-term relationships between Fortune 1000 companies and selected MBE's that go beyond simple procurement to broad financial and management cooperation.





in millions

| <u>MEDA BUDGET REQUIREMENTS</u>  | <u>MEDA</u> | <u>OMBE &amp; IAC</u> * |
|--|-------------|-------------------------|
| (1) Capital  | 85-98       | 0                       |
| (2) Enterprise Development   | 55-60       | 42.4                    |
| (3) Education and Training   | 10-15       | 0                       |
| (4) Research and Information   | 5-10        | 2.6                     |
| (5) Coordination   | 5-7         | 1.5 *                   |
| (6) Program Development (expenditure<br>calculated as<br>part of program<br>costs) |             | 11.5                    |
|  | <hr/>       | <hr/>                   |
| TOTAL  | 160-190     | 58                      |



## SMALL BUSINESS ADMINISTRATION

The appropriation for salaries and expenses within the Small Business Administration is set at \$182,300,000. This is \$6,700,000 less than the fiscal year 1979 appropriation and \$3,000,000 less than the budget request.

The funds appropriated under this heading are to be distributed as follows:

|   |                    |
|---|--------------------|
| Procurement Assistance.....             | \$8,100,000        |
| Technology Assistance.....              | 1,800,000          |
| Advocacy.....                           | 2,000,000          |
| Public Communications.....              | 624,000            |
| Economic Research.....                  | 3,776,000          |
| 7(j) call contracting.....              | 10,000,000         |
| Management Assistance.....              | 19,437,000         |
| Small Business Development Centers..... | 6,500,000          |
| Finance and Investment.....             | 49,238,000         |
| Minority Small Business.....            | 11,187,000         |
| Subtotal                                | <u>112,662,000</u> |
| All other.....                          | 69,638,000         |
| Total                                   | <u>182,300,000</u> |

Note: The appropriation level for Minority Small Business of \$11,187,000 does not include the transfer of the Office of Business Development from Procurement or the 7 (j) call contracting program from Management Assistance pursuant to the requirements of PL 95-507. The appropriation level is more accurately \$21,187,000.

## BUSINESS LOAN AND INVESTMENT FUND:

For this purpose, \$565,000,000 are appropriated. The amount is an increase of \$19,000,000 over the additional capital requested for fiscal year 1980 and is \$44,500,000 over the capital provided for fiscal year 1979. This additional capital will enable the Small Business Administration to carry out loan programs under the fund totaling \$3,986,000,000. That figure includes a total of \$391,000,000 in direct and immediate participation loans and \$3,595,000,000 in guaranteed loans.

The appropriation breakout is as follows:

|   |                      |
|---|----------------------|
| 7(a) Business Loans:                    |                      |
| Direct and Immediate Participation..... | \$219,000,000        |
| Guaranteed.....                         | 3,200,000,000        |
| Total                                   | <u>3,419,000,000</u> |



7(h) Handicapped Loans:

|   |                   |
|---|-------------------|
| Direct and Immediate participation..... | \$20,000,000      |
| Guaranteed.....                         | 5,000,000         |
| Total                                   | <u>25,000,000</u> |

7(i) Economic Opportunity Loans:

|   |                    |
|---|--------------------|
| Direct and Immediate Participation..... | \$65,000,000       |
| Guaranteed.....                         | 70,000,000         |
| Total                                   | <u>135,000,000</u> |

7(j) Energy Loans:

|   |                   |
|---|-------------------|
| Direct and Immediate Participation..... | \$15,000,000      |
| Guaranteed.....                         | 30,000,000        |
| Total                                   | <u>45,000,000</u> |

Development Company Loans:

|   |                    |
|---|--------------------|
| Direct and Immediate Participation..... | \$45,000,000       |
| Guaranteed.....                         | 100,000,000        |
| Total                                   | <u>145,000,000</u> |

Investment Company Loans:

|   |                    |
|---|--------------------|
| Direct and Immediate Participation..... | \$27,000,000       |
| Guaranteed.....                         | 190,000,000        |
| Total                                   | <u>217,000,000</u> |

Total, Business Loan and Investment Fund:

|   |                             |
|---|-----------------------------|
| Direct and Immediate Participation..... | \$391,000,000               |
| Guaranteed.....                         | 3,595,000,000               |
| Total                                   | <u><u>3,986,000,000</u></u> |

DISASTER LOAN FUND:

Prior to the Conference on this appropriation measure, the Disaster Loan Fund was to receive \$60,000,000. Both the House and the Senate reports accompanying the bill indicated this. However, during the Conference an amendment was offered by the Senate to which the House concurred. It read as follows:

,and in addition \$11,650,000 for disaster loan making activities shall be transferred to this appropriation (SALARIES AND EXPENSES) from the "Disaster Loan Fund", and \$5,000,000 for disaster loan servicing, as compensation for 275 temporary or permanent full time employees, shall be transferred to this appropriation from such "Disaster Loan Fund"

In essence, this amendment reduces the Disaster Loan Fund by the sum of \$16,650,000, thereby leaving a balance of \$48,350,000. This figure will permit the Small Business Administration to carry out loan programs in fiscal year 1980 totalling \$298,350,000. This includes \$48,350,000 in non-physical disaster loans and \$250,000,000 in physical disaster loans.





Additionally, it is important to note that the agreed-to figure of \$48,350,000 is a figure steeped in optimism. Assistance for this loan fund is provided throughout the year as particular needs arise.

LEASE GUARANTEES REVOLVING FUND:

An appropriation of \$4,000,000 is made for this fund. This amount is the same as the 1979 appropriation to date, the budget estimate, and the amount allowed by both the House and Senate. No new program obligations are to be charged to this fund in fiscal year 1980; the additional capital is required in order to honor claims under prior year obligations.



## DEPARTMENT OF EDUCATION:

### LEGISLATIVE HISTORY:

On January 24, 1979, Senator Ribicoff introduced his Department of Education bill, S.210, which was cosponsored by 43 senators including Senator Tsongas. The following day President Carter announced in the State of the Union Address his intention to submit to Congress legislation to create a cabinet-level Department of Education.

In early February, James McIntyre, Director of the Office of Management and Budget, presented the Administration's Department of Education proposal before the Senate Governmental Affairs Committee.

On February 27th, Congressman Jack Brooks introduced the Administration's proposal, H.R. 2444, in the House. The bill had 72 cosponsors. In the Senate, the Administration bill, S. 510, was introduced by Senator Ribicoff on March 1st.

On March 4th, the Department of Education bill was reported out of the Senate Governmental Affairs Committee by a vote of 13-1. Subsequently, the Senate approved the measure by a 72-21 vote on April 30th.

On May 2nd, the House Committee on Government Operations reported H.R. 2444 by a vote of 20-19. The Rules Committee reported the same measure by a vote of 9-5. On July 11th, the House narrowly approved the Department of Education bill by a vote of 210-206.

On September 13th, the Department of Education proposal was approved by the House-Senate Conference Committee.

On September 24th, the Senate approved the Department of Education Conference report, 69-22.

On September 27th, the House agreed to the Conference Report.

The Department of Education was signed into law on October 17, 1979, PL 96-88.

On November 30th, the Senate confirmed the nomination of Shirley Hufstedler as the first Secretary of Education. The vote was 80-2. At present, her office is located in Room 408 of the Executive Office Building. Ultimately, the Secretary's office will be located at 400 Maryland Avenue, S.W. The Department of Education, itself, will be housed, in part, at the same address with other parts spread throughout the Washington area.



## DEPARTMENT OF EDUCATION

### Organization

Secretary

Under Secretary

Office for Civil Rights, headed by an Assistant Secretary

Office of Elementary and Secondary Education, headed by an Assistant Secretary

Office of Postsecondary Education, headed by an Assistant Secretary

Office of Vocational and Adult Education, headed by an Assistant Secretary

Office of Special Education and Rehabilitative Services, headed by an Assistant Secretary

Office of Educational Research and Improvement, headed by an Assistant Secretary

Office of Education for Overseas Dependents, headed by an Administrator

Inspector General

General Counsel

Four additional officers for the following functions:

- congressional relations
- public information
- parental and public participation in programs
- management and budget
- planning, evaluation and policy development
- encouragement and promotion of the study of foreign languages and cultures

Office of Non-Public Education, headed by an Assistant Secretary

Office of Bilingual and Minority Languages Affairs, headed by a Director

Intergovernmental Advisory Council on Education

Federal Interagency Committee on Education





# DEPARTMENT OF EDUCATION

## SECRETARY UNDER SECRETARY

INTERGOVERNMENTAL  
ADVISORY COUNCIL  
ON EDUCATION

FEDERAL  
INTERAGENCY  
COMMITTEE  
ON  
EDUCATION

OFFICE OF BILINGUAL  
EDUCATION AND  
MINORITY LANGUAGES  
AFFAIRS

GENERAL  
COUNSEL

INSPECTOR  
GENERAL

OFFICE OF  
NON-PUBLIC  
EDUCATION

MANAGEMENT  
AND  
BUDGET

PLANNING,  
EVALUATION  
AND  
POLICY  
DEVELOPMENT

CONGRESSIONAL  
RELATIONS

PUBLIC  
INFORMATION

ASSISTANT  
SECRETARY  
FOR CIVIL  
RIGHTS

ASSISTANT  
SECRETARY  
FOR  
ELEMENTARY  
AND  
SECONDARY  
EDUCATION

ASSISTANT  
SECRETARY  
FOR  
POSTSECONDARY  
EDUCATION

ASSISTANT  
SECRETARY  
FOR  
EDUCATIONAL  
RESEARCH  
AND  
IMPROVEMENT

ASSISTANT  
SECRETARY  
FOR  
VOCATIONAL  
AND  
ADULT  
EDUCATION

ADMINISTRATOR  
OF EDUCATION  
FOR  
OVERSEAS  
DEPENDENTS

ASSISTANT  
SECRETARY  
FOR  
SPECIAL  
EDUCATION  
AND  
REHABILITATIVE  
SERVICES

### KEY

———— INDICATES OFFICES STIPULATED IN LEGISLATION.

- - - - - INDICATES OFFICES NOT STIPULATED IN LEGISLATION.



DEPARTMENT OF EDUCATION

Transfers From The Department of Health, Education, and Welfare:

Under Section 301 of Title III, there are transferred to the Secretary -

(1) all functions of the Assistant Secretary for Education and the Commissioner of Education of the Department of Health, Education, and Welfare, and all functions of the Office of such Assistant Secretary and of the Education Division of the Department of Health, Education, and Welfare and of any officer or component of such Office or Division;

(2) all functions of the Secretary of HEW and of the Department of HEW under -

- (A) the General Education Provisions Act;
- (B) the Elementary and Secondary Education Act of 1965;
- (C) the Higher Education Act of 1965;
- (D) the Education Amendments of 1978;
- (E) the Act of August 30, 1890 (7 U.S.C. 321-328);
- (F) the National Defense Education Act of 1958;
- (G) the International Education Act of 1966;
- (H) the Education of the Handicapped Act;
- (I) part B of Title V of the Economic Opportunity Act of 1964;
- (J) the National Commission on Libraries and Information Science Act;
- (K) the Vocational Education Act of 1963;
- (L) the Career Education Incentive Act;

Additionally, transfers will take place from the Department of Defense, the National Science Foundation, the Department of Justice, and the Department of Housing and Urban Development.  
(see next page)



DEPARTMENT OF EDUCATION

Budget

Authority: \$14.2 billion

Personnel: 17,000

Programs: 152 programs from six agencies:

- Education Division, including elementary, secondary and postsecondary education programs and research activities (Department of Health, Education and Welfare). 1
- Office for Civil Rights education and vocational rehabilitation related activities (Department of Health, Education and Welfare).
- Overseas Dependents' Schools (Department of Defense). 2
- Vocational Rehabilitation Program (Rehabilitation Services Administration, Department of Health, Education and Welfare).
- Law enforcement student loan programs (Department of Justice). 3
- The College Housing Loan Program (Department of Housing and Urban Development). 4
- Migrant education programs (Department of Labor). 5
- Special institutions for which the Department of Health, Education and Welfare exercises budgetary oversight, including Howard University, Gallaudet College, the American Printing House for the Blind and the National Technical Institute for the Deaf.
- Telecommunications Non-Broadcast Demonstration Program (Department of Health, Education and Welfare).
- Department of Agriculture Graduate School. 6
- Certain science education programs (National Science Foundation). 7





DEPARTMENT OF EDUCATION/APPROPRIATIONS

OFFICE OF EDUCATION, ELEMENTARY AND SECONDARY EDUCATION:

THE FY'80 appropriation for programs in Elementary and Secondary Education totals \$3,794,556,000 which is an increase of \$264,000,000 over the enacted 1979 fiscal year appropriation. This figure is \$142,500,000 below the proposed House figure and \$7,000,000 above the proposed Senate figure.

For Title I grants for disadvantaged children, parts A and B, the appropriation provides that \$3,330,343,000 become available for obligation on July 1, 1980. These grants are awarded to States and counties according to formula which in turn allocates funds to specific school districts to operate local programs. Over 14,000 school districts, or 90% of the school districts in the United States, will receive Title I funds in school year 1980-81. The estimated number of children participating in Title I programs will be about six (6) million with an estimated average per pupil cost of from \$435 to \$460. Under the newly created Department of Education, the process for obtaining Title I funds has been streamlined (at least on paper).

The appropriation for Title I also includes \$200,000,000 for Section 117 (Concentration Grants) of the Elementary and Secondary Education Act. This is a new program proposed for initiation in the fiscal year 1979 supplemental budget request. Local school districts may elect to use these grants to increase per pupil expenditures or to serve additional Title I children.

Additionally, the appropriation for Title I includes \$15,000,000 for Section 116 (Incentive Grants). The House bill included no funds for this purpose and the Senate had proposed \$30,000,000 for this grant program.

The appropriation also includes the following:

|                                 |              |
|---------------------------------|--------------|
| Evaluation and Studies.....     | \$13,000,000 |
| Bilingual Education:            |              |
| Grants to school districts..... | 107,263,000  |
| Materials development.....      | 10,000,000   |
| Research and studies.....       | 4,625,000    |
| Basic skills improvement.....   | 35,000,000   |
| Ethnic heritage studies.....    | 3,000,000    |

The appropriation for Bilingual Education is \$36,712,000 below the fiscal year 1979 appropriation and is \$51,512,000 below the budget request.

The Basic Skills appropriation at \$35,000,000 is the same as the budget request and is \$7,250,000 above the comparable fiscal year 1979 appropriation. This program replaces the Right to Read program and expands the focus of the Federal effort to include mathematics, oral and written communication, as well as reading skills.



Three (3) million dollars have been appropriated to restore and expand funding for ethnic heritage studies. This amount is intended to support about 100 projects involving curriculum development, teacher training, and dissemination related to ethnic cultures.

#### EMERGENCY SCHOOL AID:

The Emergency School Aid Act provides desegregation assistance to local school districts. Grants are made to (1) meet educational needs incident to elementary and secondary school desegregation, and (2) encourage voluntary elimination of minority group isolation in local schools.

For these purposes \$315,298,000 is appropriated. This is \$38,802,000 less than requested in the budget and \$16,900,000 less than the fiscal year 1979 appropriation.

For general grants to school districts under the Emergency School Aid Act, the appropriation includes \$118,800,000. This is \$18,800,000 less than the amount requested in the budget. School districts may use these funds for various activities including remedial services, supplemental staff, teacher aides, teacher training, guidance/counseling, curriculum development, community activities, and minor construction projects.

For special programs and projects, the appropriation includes \$95,769,000, an increase of nearly \$26,500,000 over the 1979 funding level and exactly the amount requested in the budget. These are discretionary funds aimed at school districts planning or implementing new or recent desegregation activities. Assistance is provided throughout the year as particular needs arise. Emphasis is directed to school districts implementing court-ordered desegregation plans.

For magnet schools, the appropriation level is set at \$42,604,000 which is \$17,000,000 above the fiscal year 1979 appropriation. Magnet schools are designed to encourage voluntary desegregation by attracting students, other than those living in the surrounding community, to a particular school. Neutral site schools are geographically located so as to be attractive and accessible to students from many different living areas. In 1980, about 60 awards are expected to be made for these projects.

Grants to non-profit organizations conducting special programs to support the development or implementation of desegregation plans are set at \$5,000,000.





## EDUCATION FOR THE HANDICAPPED:

The appropriation for Education of the Handicapped is set at \$1,049,025,000. This is nearly \$22,000,000 over the budget request and nearly \$73,000,000 over the amount appropriated for 1979.

To maintain the Federal commitment to assist States in educating handicapped children, the appropriation includes \$874,500,000, an increase of \$12,500,000 over the budget and \$70,500,000 over the appropriation for 1979 for the State grant program. Each State's allocation is based on the number of children receiving special education and related services, multiplied by a specific percentage of the national average per pupil expenditure. The amount recommended provides \$221 per child toward the excess costs of educating handicapped children, compared with \$211 in 1979.

For pre-school incentive grants, there is earmarked \$25,000,000, an increase of \$10,000,000 over the budget, and \$7.5 million over the 1979 appropriation. The amount recommended will provide an incentive grant of approximately \$110 for each of the 225,000 preschool handicapped children expected to be served in 1980.

Sixteen (16) million is earmarked to continue operation of 17 regional deaf-blind centers which provide direct educational services to nearly 6,000 deaf-blind children.

For the early childhood education committee, there is earmarked \$20,000,000. This amount will continue efforts in the area of developing and demonstrating new methods for teaching handicapped preschool children. More than 230 model projects have been developed over the past five years.

Other programs and their respective appropriation levels are set out below:

|   |             |
|---|-------------|
| Regional Vocational, Adult, and Postsecondary Program.... | \$2,400,000 |
| Innovation and Development Program.....                   | 20,000,000  |
| Media Services and Captioned Filmes Programs.....         | 19,000,000  |
| Regional Resource Centers.....                            | 9,750,000   |
| Recruitment and Information Program.....                  | 1,000,000   |
| Special Education Personnel Development.....              | 55,375,000  |

## OCCUPATIONAL, VOCATIONAL, and ADULT EDUCATION:

The appropriation for these programs is set at \$881,880,000, an increase over the budget request of \$116,677,000 and \$107,427,000 over the amount appropriated for fiscal year 1979.

Included in this figure is \$562,266,000 for vocational education basic State grants and \$4,800,000 for bilingual vocational training. The bilingual funds are used to create opportunities for employment among persons of limited English-speaking ability.

Also, \$10,000,000 is earmarked for part B, subpart 2 of the





Vocational Education Act. This amount will continue funding for the national center for research in vocational education and maintain support for curriculum coordinating centers, the national occupational information coordinating committee, and various research and demonstration projects.

For adult education programs, \$100,000,000 are appropriated to assist States in providing access to educational services for 2.2 million educationally disadvantaged adults.



(Charts, not included, available  
from OFR)

The attached charts illustrate the effect of a separate Department of Education on program management.

Chart I shows the HEW staff offices (legislative; management and budget; planning and evaluation; executive secretariat and public affairs) currently involved in education.

Chart IA shows these same functions in the proposed separate department.

Chart II shows the current structure for developing education regulations, involving 26 HEW offices (using the Title I of the Elementary and Secondary Education Act as an example).

Chart IIA shows how such regulations would be processed in a separate department, involving only 11 offices.

Chart III shows the 25 offices in HEW now involved in developing the budget for Office of Education programs (using the Basic Opportunity Grants student assistance program as an example).

Chart IIIA shows how a separate Department of Education would reduce this number to 10.

Chart IV shows the 19 offices in HEW now involved in developing legislative proposals (using Title I of the Elementary and Secondary Education Act as an example).

Chart IVA shows how a separate Department of Education would reduce this number to 9.



## NATIONAL ENDOWMENT FOR THE ARTS:

The appropriation for the National Endowment for the Arts (NEA), is \$154.4 million. This is the same total as the budget request, and an increase of \$4.815 million over the 1979 appropriation.

The appropriation in NEA for salaries, administrative expenses, and all other expenses is \$109 million. This is an increase of \$1.5 million over the budget request. Due to an increased appropriation for administrative expenses, this is to be taken from the matching funds category of appropriations. This increase is to be used to improve the grants review process, and also provides for additional personnel and the improvement of audiovisual and musical equipment to review applications. This appropriation is a decrease of \$3.085 million from the 1979 appropriation.

The appropriation for matching grants for 1980 is \$45.4 million. This is a decrease of \$1.5 million from the budget request due to the shifting of funds to the first category, and an increase of \$7.9 million over the 1979 appropriation. In actuality, therefore, the 1980 appropriation is the same as the budget request although the breakdown varies somewhat.

This year, NEA established an Office of Minority Concerns, and took other steps to expand access by minority individuals and institutions to the programs of the Endowment. It is hoped that some of the additional administrative support which has been provided will be funneled into providing additional staff to strengthen the constructive steps which the Endowment has already taken.

The House Committee continues to stress that grants are not to be made to organizations which receive their principal funding from appropriations from the Federal Treasury.

## MATCHING FUNDS FOR NEA:

Funds provided for under this appropriation are available for matching gifts, bequests, and devises of money and other property received by the Endowment. The appropriation for matching grants is \$45.4 million. This is an increase of \$9.8 million over FY 1979 funding. Of the total provided, \$18.5 million is provided for the treasury fund, better known as matching grants, for the NEA. Matching grants are used to accomplish the same goals as the funds provided for under the salaries and expenses account, except they require at least a one-to-one match from private monies.

The remaining \$26.9 million will finance the Challenge Grant programs authorized by the Arts, Humanities, and Cultural Affairs Act of 1976. The Challenge Grants are separate from and in addition





to the NEA's ongoing program categories of support. The purpose of Challenge Grants is to encourage new and increased sources of support on a continuing basis for the nation's artistic and humanistic institutions. The Challenge Grants are of a limited duration and are an important complement to other Endowment program categories which provide ongoing support of groups. Taking into consideration the minimum three-to-one matching element of the Challenge Grant Program, the amount of new money which would be available to institutions through NEA during the two-year period for which funds are being provided should exceed \$80.7 million.

The Congress urges the Endowment to confine their grants to programs and organizations whose purposes are closely identified with the arts. Support for general operations, i.e. public television stations, should be left to those Federal programs specifically established for such purposes. They also feel that a special effort should be made to insure that museum grants are directed at distinct arts programs and not those supported by the National Institute for Museum Services.



NATIONAL ENDOWMENT FOR THE ARTS

FY1980 Appropriation      \$154,400,000  
FY1980 Budget Request    \$154,400,000  
FY1979 Appropriation      \$149,585,000

|                       | <u>1980 Appropriations</u> | <u>1980 Budget</u> | <u>1979 Approp.</u> |
|-----------------------|----------------------------|--------------------|---------------------|
|                       |                            | <u>same</u>        | <u>no figure</u>    |
| Architecture          | \$ 3,550,000               |                    |                     |
| Dance                 | 7,150,000                  | "                  | "                   |
| Education             | 5,600,000                  | "                  | "                   |
| Expansion Arts        | 8,000,000                  | "                  | "                   |
| Federal-State         | 23,000,000                 | "                  | "                   |
| Folk Arts             | 2,400,000                  | "                  | "                   |
| Intergovernmental     | 900,000                    | "                  | "                   |
| Literature            | 4,900,000                  | "                  | "                   |
| Media Arts            | 6,500,000                  | "                  | "                   |
| Museums               | 9,750,000                  | "                  | "                   |
| Music                 | 7,000,000                  | "                  | "                   |
| Opera/Musical Theater | 2,200,000                  | "                  | "                   |
| Special Projects      | 3,100,000                  | "                  | "                   |
| Theater               | 4,600,000                  | "                  | "                   |
| Visual Arts           | 7,400,000                  | "                  | "                   |
| Research              | 650,000                    | "                  | "                   |
| Evaluation            | 300,000                    | "                  | "                   |
| Administration        | 12,000,000                 | 10,500,000         | "                   |
| TOTAL                 | \$109,000,000              | \$107,500,000      | \$112,085,000       |
| plus matching grants  | \$ 45,400,000              | \$ 46,900,000      | \$ 37,500,000       |
| TOTAL                 | \$154,400,000              | \$154,400,000      | \$149,585,000       |



#### LAW ENFORCEMENT ASSISTANCE ADMINISTRATION:

The Law Enforcement Assistance Administration (LEAA) FY 1980 appropriations will be funded at the level of \$442.695 million. This will allow monies to be expended for activities authorized by the Law Enforcement Assistance Reform Act of 1979 and Title II of the Juvenile Justice Delinquency Prevention Act of 1974. This amount is \$160.025 million less than FY 1979 appropriations for similar activities.

The recommendations included within this new appropriation level include continuation of the \$100 million funding level for the Juvenile Justice Program, instead of the \$50 million proposed within the budget request.

#### RESEARCH AND STATISTICS:

The recommended appropriation level for FY 1980 is \$43.768 million. There were no funds appropriated for this category in 1979. This new appropriation is designed to fund the National Institute of Justice, and the Bureau of Justice Statistics.

#### LEGISLATION:

LEAA reauthorization is still being discussed within conference. However, both the Senate's version of reauthorization, S.241 and the House's, H.R. 2061, are concerned with restructuring criminal justice programs to provide earmarked grants to local governments.







